

Agricultural Situation

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THE FOOD AND AGRICULTURE ACT OF 1962

The four main titles of the Food and Agriculture Act of 1962 give the basis for improving and updating Federal programs in a broad area. The Act gives special emphasis to the Rural Areas Development Program and more effective means for dealing with supply and price-support problems of wheat and feed grains.

Title I authorizes a cropland use adjustment program to be carried out

through long-term agreements with land owners and operators. It will facilitate shifts in use of land from crops to grass, forests, wildlife, and recreation. A land use adjustment program is being initiated this year within the limits of funds authorized.

The title also provides for one year continuing agreements with farmers who have Conservation Reserve contracts expiring in December 1962.

The FOOD AND AGRICULTURE ACT

1962

soilo allouho ylio ohon iloelilio ollallo cynollou
dho ylio oho ohon ilo elilio ollallo cynollo allon
elilio ollol lucynollo allouho ylio ohon ilo elihos
nollo allouho ylio iloelilio ollallo cynollou



An expanded program of rural renewal and conservation-development projects is authorized to be carried out through local groups and agencies. Assistance in organizing and planning projects and 30-year loans to help finance projects is provided. Loans may be used by local authorities for forestry, soil and water conservation, flood prevention, and shifts in use of farm resources. Funds may be used also for such facilities as roads, parks, water and sewer projects, and community buildings related to land conservation and land use projects. This authority will strengthen the tools for the nationwide Rural Areas Development Program.

Title I also gives new impetus to watershed protection and development projects. It broadens the authority of the Department of Agriculture to participate in small watershed projects. Authorized purposes for Department participation now include developing recreational opportunities and developing water supplies for municipalities and industries.

Title II of the 1962 law will facilitate expansion of exports of farm commodities. It authorizes dollar credit export sales through foreign and United States private firms and through foreign banks acting in behalf of governments, rather than government-to-government agreements as in the past. It permits tailoring repayments to meet the capabilities of the particular buyers.

Title II further provides for the donation of commodities for use in non-profit school lunch programs outside the United States, thus permitting an expansion of programs already underway.

Title III of the Food and Agriculture Act deals with the production and price support programs for feed grains and wheat. The wheat program is discussed in the article on page 3.

The Feed Grain Program for 1963 covers corn, grain sorghums, and barley. Farmers may voluntarily take part by reducing their 1959-60 base acreage in these grains 20 to 50 percent. Those who participate will be eligible for price supports at \$1.20 for corn and comparable supports for the other grains on a feed value basis. Price supports will be effected through loans of \$1.02 per bushel for corn and payment-in-kind of 18 cents a bushel from CCC stocks. CCC will assist farmers in marketing their payment-in-kind certificates.

A payment also will be made for the land diverted from feed grain production. The rate may be up to 50 percent of the price support level for normal production on the diverted land. No price support will be available to non-cooperators.

Title IV of the 1962 law broadens the loan authority of the Farmers Home Administration to include development of recreation. The purposes of real estate and operating loans made to operators of family farms may now include recreational uses of land and recreational facilities. The maximum real estate loan is \$60,000 with repayment time up to 40 years. The maximum operating loan is \$35,000 with repayment time up to 7 years. Most loans are at 5 percent interest.

Loans also may be made to associations serving farms and rural communities to finance "shifts in land use, including development of recreational facilities."

The Food and Agriculture Act of 1962 strengthens the Department's programs in Rural Areas Development and in dealing with the supply-price problems of feed grains and wheat.

M. L. Upchurch
Staff Economist Group

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A LOOK AT THE CURRENT WHEAT PROGRAM

The Food and Agriculture Act of 1962 does not require any change from the 1963 program on which farmers voted last August. Producers continue to be eligible for price support at \$1.82 per bushel, if they do not exceed their farm acreage allotment based upon the 55-million-acre national allotment.

The Act does provide, however, a voluntary diversion program for 1963-crop wheat similar to that for the 1962 crop. To participate in this program, producers must divert to conservation use at least 20 percent of (1) their wheat acreage allotment or (2), in the case of small farms with allotments of less than 15 acres, their allotment or their average 1959, 1960, and 1961 plantings of wheat, whichever is larger. They then would be eligible for diversion payments equal to 50 percent of the value of normal production on the diverted acreage, based on the support rate, and for payment at a rate of 18 cents per bushel on the normal production of the acreage devoted to wheat. The 1959 and 1960 average yield is used in deriving normal production. The maximum acreage diversion on any farm would be the larger of 50 percent of the allotment or 10 acres.

Any grower who signs to divert acreage in 1963 must reduce his acreage by the amount of the signup, or he will lose price support eligibility, as well as all payments under the voluntary portion of the program.

The price support payment of 18 cents per bushel will be made in payment-in-kind certificates and CCC will assist farmers in marketing the certificates. CCC will be permitted to sell wheat from its stocks at not less than the \$1.82 price support level to cover the

cost of those certificates that it redeems for farmers.

The diversion payment may be made in either cash or certificates. This same provision was included in the 1962 Stabilization Program and all payments were made in cash.

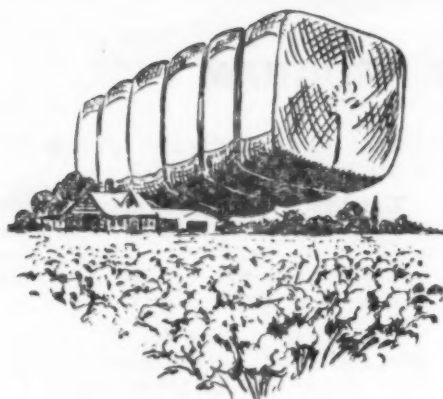
The signup period for the special voluntary 1963 wheat program will run from October 15 to December 14 for winter wheat. The signup period for spring wheat will be after the first of the year.

Assuming a voluntary cut of 7 million acres in acreage harvested and yields of 26 bushels per acre, a crop of 1,225 million bushels may be produced. Along with the expected July 1, 1963 carryover of 1,200 million bushels and imports of about 5 million, this would provide a total supply of about 2,430 million bushels, 25 million above that indicated for the current year. Total disappearance in 1963-64 might be about 20 million bushels greater than estimated for 1962-63. As a result, the carryover on July 1, 1964, might show little change from the 1,200 million bushels currently estimated for the end of 1962-63. Without the voluntary program, stocks would increase.

The new Act also provides a long-range program, to begin with the 1964 crop. The 55 million acre allotment will be eliminated. The Secretary will set a new allotment to meet requirements and to permit reduction of CCC stocks. He will issue marketing certificates to growers, providing price support at one level for wheat used as food and part of the wheat sold for export; and at a lower level for wheat used as feed.

William R. Askew
Economic Research Service





OUR COTTON AND THE COMMON MARKET

The European Economic Community was established by the Treaty of Rome in 1957 and is usually called the Common Market. The market consists of six members—Belgium, France, Italy, Luxembourg, Netherlands, and West Germany. The member states signed a Treaty of Association with Greece in July 1961. This treaty provides for the association of specified non-European countries which maintain special economic relations with member countries. Applications are pending for several other countries to become members or associate members.

The impact of the EEC on U.S. exports will largely depend on the rate of economic growth of the Community, production and consumption of cotton by member and associated countries, and policies of the Community that affect cotton imports.

Cotton production in the Community totaled only 28,000 bales of cotton in 1960, all of which were produced on 55,000 acres in Southern Italy. For the 5 crop years, 1956 through 1960, Italy produced an average of 38,000 bales. This accounted for only about 4 percent of Italy's consumption for the period.

Most of the associated countries produce cotton, with Greece and the Congo the largest producers. During the 1960 crop year over 700,000 bales of cotton were produced in the associated countries.

The Community, importing 4.7 million bales in the 1960 crop year, is the largest single import market for world cotton. Cotton enters duty-free to all

EEC countries except Italy. Italy has lowered its duty from the original 6 percent level to 4.2 percent and will gradually remove all restrictions by January 1, 1970.

About 2.1 million bales, or almost one-half of the EEC imports, were from the U.S. in 1960-61. This represented almost one-third of total U.S. exports during the 1960-61 crop year. Imports from the U.S. for 1960-61 accounted for 44 percent of the EEC total imports, and averaged 45 percent from 1956 to 1960. About 9 percent of the Community's total imports were from associated countries in 1960. For the years 1956 to 1960, the EEC imports from associated countries averaged about 10 percent, with Greece and the Congo the largest associate suppliers.

The associated members do not receive preferential treatment on their cotton exports to the EEC. There is not likely to be any significant change in the existing pattern of imports by the EEC unless preferential treatment is extended to them.

The admission of the United Kingdom, now negotiating for full membership, probably would have little impact on raw cotton imports from the United States for the existing EEC countries or for the United Kingdom. The United Kingdom import policy is substantially the same as for the EEC. There are no quantitative restrictions or import duties on raw cotton entering the United Kingdom. However, the admission of the United Kingdom to the Community would increase the Community market for cotton by over a million bales, accounting for about one-

half of all cotton moving in international trade.

Cotton textile imports, however, would be affected. The United Kingdom has a relatively free market for cotton textile imports whereas the EEC countries do not. The difference may be partially worked out by the international agreement on cotton textile trade under the General Agreement on Tariffs and Trade (GATT). Under the GATT agreement quantitative restrictions would be decreased to allow greater access to EEC markets by other countries.

The Community ranks as the fourth largest consumer of cotton after the United States, Mainland China, and U.S.S.R. In 1960, consumption of cotton by the six EEC countries represented about 20 percent of total cotton consumption in the foreign free world. Cotton consumption in the Community totaled about 4.7 million bales in 1960, and averaged about 4.5 million bales for 1956 through 1960.

Thus far, the organization of the EEC probably has had little effect on cotton consumption. However, consumption of cotton in the Community has been trending upward in recent years. Total consumption of cotton in the six EEC countries increased about 16 percent between 1958 and 1960. It should be noted, however, that the 1958 consumption was about 9 percent below that of 1956.

The prospects for expanded consumption in the Community appear to be encouraging. The economic level in the EEC countries is expected to continue to rise. This probably will be reflected in a larger consumption of textile products and increased demand for textile fibers. Cotton's share of the increased textile consumption and the markets available for U.S. cotton will largely depend on cotton's competitive position with synthetic fibers.

William E. Cathcart
Economic Research Service

CATTLE ON FEED UP 8 PERCENT

On October 1 cattle feeders had 8 percent more cattle and calves on feed for slaughter market than a year earlier in the 28 major feeding States (12 North Central States, 11 Western States, Pa., Ga., Ala., Okla., and Tex.). The number on feed totaled 6.1 million head, compared with 5.7 million October 1, 1961, and 6.1 million head on July 1 of this year. The increase in the number of cattle and calves weighing less than 900 pounds more than offset decreases in heavier weight groups and accounted for all of the increase over a year earlier.

The North Central region had 1 percent more cattle on feed than a year earlier. Increases in Ohio, Indiana, Illinois, Michigan, Minnesota, and Kansas more than offset decreases in the other States. Cattle feeding in the 11 Western States was up 19 percent with all but three States showing increases from a year earlier. California, the leading Western State, was up 26 percent and Colorado was up 11 percent.

The number of cattle and calves weighing less than 500 pounds was up

36 percent from a year earlier. The 500-699 pound group was up 18 percent and the 700-899 pound group was 13 percent higher. Those weighing 900-1099 pounds were down 4 percent and the number weighing over 1100 pounds was down 21 percent.

On October 1 the number that had been on feed less than three months was up 11 percent from October 1 last year. Those on feed 3-6 months were up 6 percent, and cattle on feed more than 6 months were 3 percent higher.

The number of cattle and calves placed on feed during July through September was up 11 percent from the same period in 1961 and marketings of fed cattle during this period were 3 percent above a year earlier.

Cattle feeders expect to market about 3.3 million head of fed cattle during October-December. If intentions are carried out marketings would be about 2 percent more than during the fourth quarter of 1961.

Dan L. Herbert
Statistical Reporting Service

CANNED VEGETABLE SUPPLIES UP . . . POTATOES AND DRY BEANS DOWN

Total supplies of processed vegetables are expected to be large into mid-1963. Supplies of canned vegetables appear to be materially larger than both a year earlier and the 1951-60 average. Carryover stocks into the current season were substantially larger than a year ago and the canned pack is expected to be up from 1961. Supplies of most canned items are expected to be ample to heavy.

Among major canned vegetables, record supplies are expected for snap beans, sweet corn, and tomato items. Overall prices of canned vegetables are expected to average a little below those of last season, but the substantially larger supplies of canned snap beans, sweet corn, and most tomato items probably will hold both f.o.b. and retail prices of these items well below a year earlier levels.

Overall supplies of frozen vegetables available into mid-1963 probably will be slightly to moderately smaller than those of last season, but generally ample for trade needs. Mid-year carryover stocks were larger than a year ago, but the 1962 pack is expected to be smaller. Both f.o.b. and retail prices for frozen vegetables into mid-1963 are likely to average near those of last season.

Supplies of potatoes for fall and winter marketing are large again this year, although moderately smaller than the burdensome supplies of a year earlier. Production of the important fall crop is 192 million hundredweight, 6 percent smaller than the very large 1961 crop, but 22 percent larger than the recent 10-year average. Production decreases from a year ago are 10 percent in the 9 Western States; 8 percent in the 9 Central States; and 1 percent in the 8 Eastern States. In the two States

producing the most late fall potatoes, Idaho reports a 14 percent smaller crop than in 1961, while Maine indicates an increase of 4 percent. With smaller overall supplies than a year earlier, prices to growers this fall and winter are expected to average somewhat above the depressed levels of a year earlier.

Production of sweetpotatoes is estimated at 16.4 million hundredweight, almost a tenth larger than the 1961 crop, but 7 percent smaller than the 1951-60 average. Among important States, output is materially larger than a year earlier in Louisiana, Virginia, Texas, California, and North Carolina. But output in New Jersey, Georgia, and Mississippi is moderately below a year ago. With larger overall supplies than a year earlier, prices to growers for the season are expected to average at least moderately below those of the 1961-62 season.

Total supply of dry edible beans probably will be about the same as last season. Supplies of both colored and white classes are near those of last season. Among important classes, supplies of pea beans may be a little larger than a year earlier, and supplies of red kidney beans materially larger. Supplies of great northern and pinto beans are expected to be down materially.

Foreign demand for dry edible beans is expected to be stronger than last season, because prospective crops are smaller in several of the major European producing countries. With foreign demand expected to be stronger, and smaller supplies available, prices to growers for the season probably will average slightly to moderately above those of last season.

John F. Crum
Economic Research Service



RECORD HONEY CROP PRODUCED

The 1962 honey crop is estimated at 274,814,000 pounds—slightly more than the previous record crop in 1961 and 12 percent more than the 1956-60 average production. This year's honey crop is being produced by 5,480,000 colonies of bees, about 1 percent below the number of colonies on hand in 1961. Production per colony is expected to average 50.1 pounds, compared with 49.7 last year and the 1956-60 average of 45.5 pounds. On September 15, beekeepers had 104.4 million pounds of honey on hand for sale.

The 10 leading honey producing States in 1962 (in order of production) were: California, Minnesota, Florida, Texas, Wisconsin, Ohio, New York, Iowa, Indiana, and Illinois. These States accounted for 57 percent of the Nation's crop.

Honey production was above last year in all regions of the country except in the West North Central and the East North Central regions. A big crop was produced in California this year, and production is exceeded only by the bumper crops of 1952 and 1958. A favorable flow was received from orange, safflower, and buckwheat. Yields per colony in California were more than double last year when drought conditions sharply reduced honey production. Production per colony was the lowest of record in Idaho, the lowest since 1947 in Wyoming, and the lowest since 1950 in Montana. In these States cool, rainy weather during the main season seriously cut production.

A record yield per colony was received in each of the following States: Georgia, Alabama, Mississippi, Arkansas, and Louisiana. In Florida an excellent nectar flow of good quality honey was produced from citrus and tupelo blossoms. A very good yield was obtained from alfalfa, goldenrod, and basswood in western New York. In the East North Central region as a whole, production, although below last year,



was better than average. Considerable variation occurred by areas within States, with reports ranging from a complete failure to a bumper crop.

In Wisconsin and Minnesota, yields per colony were reduced, as cool, wet weather during the first part of the season restricted bee activity. A very good flow was obtained from clover in Missouri and Nebraska, but the fall flow proved disappointing.

Al Potter
Statistical Reporting Service



The Farmer's Share

In August 1962, the farmer's share of the consumer's food dollar was 39 cents, one cent more than it was in July. In August 1961, the farmer's share was 38 cents.

outlook



SOYBEANS

The 1962-63 supply of soybeans is estimated at 730 million bushels, or 4 percent more than in 1961-62. The increase is attributed to larger beginning stocks on October 1, which more than offset the small drop in output.

DAIRY

Milk production in 1963 may increase due to moderate declines in milk cow numbers and a continuing rise in production per cow. Total consumption of dairy products in 1962 is expected to be above last year, chiefly because substantial quantities of butter, cheese, and nonfat dry milk are being distributed from USDA stocks through welfare and school lunch programs.

BROILERS

Broiler prices between May and October were higher than a year ago. Eggs set for the production of broiler chicks moved progressively higher above the 1961 level in August and September, pointing to much larger broiler supplies in November and December.

LIVESTOCK

Fed cattle prices improved during the third quarter reaching the highest level in 3 years. Prices edged lower in October but continued well above a year earlier. October 1 inventory of cattle and calves on feed in 26 States of 6,059,000 head is up 8 percent from a year ago. Most of the increase was reported in the Western States. Hog

prices rose about 7 percent during the third quarter, reflecting reduced slaughter supplies. As hogs began coming to market in greater abundance after mid-September the price dropped accordingly. Late October prices were near those a year earlier.

FRUIT

Citrus fruit production is expected to continue in large volume over the next few years. First official estimates for 1962-63 indicate heavier orange and grapefruit crops in Florida and larger production of Navel and other oranges in California than in 1961-62. Stocks of Florida orange juice, both frozen concentrate and canned juice, are much larger than a year ago. Market prospects for 1962-63 crop citrus are less favorable than a year ago.

EGGS

Egg prices for the remainder of the year are likely to hold close to last year's level.

FEED GRAIN

The feed grain supply for 1962-63 is estimated at 210 million tons, 7 percent below the 1961-62 supply. Production is near the 1961 level, but carryover into 1962-63 is 17 percent smaller than a year ago. Domestic consumption in 1962-63 is expected to total a little above the record 1961-62 level, while exports probably will be a little lower,

(Continued on page 11)

TURKEY BREEDER HEN INTENTIONS

The best indication of the prospective size of the 1963 turkey crop available at this time is the report showing intentions of breeder flock owners to retain breeder hens.

Owners of turkey breeder hens on October 1 in 15 of the most important turkey States expect to hold about the same number of heavy breed hens and 14 percent more light breed hens at the beginning of the 1963 hatching season than retained a year earlier. These 15 States accounted for 81 percent of the breeder hens in the United States on January 1, 1962.

HEAVY WHITE: Turkey breeders plan to hold 3 percent more heavy white hens than last year. All but four States reported increased holdings of heavy white breed hens. Increases reported in the leading States were 10 percent in Ohio and Texas, and 5 percent in Wisconsin and Minnesota. California, the State with the largest number of heavy white breed hens, plans a reduction of 14 percent.

OTHER HEAVY BREEDS: Compared with the 1962 season, turkey breeders plan to have 2 percent less other heavy breed hens. Breeders in four of the six most important States indicated decreases in expected holdings of hens. Decreases were 15 percent in Oregon and Missouri, 8 percent in Iowa, and 2 percent in Texas. These decreases were partially offset by increases of 10 percent in Minnesota and 1 percent in California.

LIGHTS: In Virginia and Minnesota, the two most important States in the production of light breeds, breeders expect to increase holdings of hens by 5 and 40 percent, respectively.

These figures reflect breeders' plans as of October 1 to hold turkey hens for the coming year. The actual number of hens retained may vary from these intentions depending on breeders' reaction to this report as well as various economic conditions.

Al Potter

Statistical Reporting Service

Citrus Output From 1961-62 . . . Crop Is Record High—Value Down

Total citrus production in the United States from the 1961-62 crop was 8.6 million tons, a record high, up 14 percent from the previous crop. Florida's production was a record high of 6.7 million tons—up 24 percent from last season. It accounted for 79 percent of the United States' total. Value of U.S. production for the 1961-62 crop, at 431 million dollars, was down 17 percent from the 1960-61 crop.

The Florida orange crop of 113.4 million boxes was up 31 percent from the previous season and accounted for 85 percent of the total U.S. tonnage. Production of oranges in California, at 20.4 million boxes, was down 18 percent from the 1960-61 crop.

U.S. production of grapefruit during the 1961-62 season was 42.7 million boxes, slightly lower than the previous season. Production in Florida at 35.0 million boxes was up 11 percent. On a tonnage basis this accounted for 84 percent of the U.S. total.

Nearly two-thirds of the 1961-62 total citrus output was utilized for processing compared with 58 percent from the 1960-61 crop. Processors used 72 percent of the U.S. orange crop, 45 percent of the grapefruit, and 46 percent of the lemon production. Frozen concentrate accounted for 65 percent of Florida's total orange crop.

Total fresh sales during the 1961-62 season for all types of citrus crops, except tangelos, were lower than for the previous season. A decline in fresh marketings of oranges from California, Texas, and Louisiana more than offset a 25 percent increase in fresh market sales from Florida and a slight increase for Arizona. Fresh consumption of 1961-62 crop grapefruit was down 5 percent, of lemons down 8 percent, and of tangerines down 17 percent.

Coyle H. Whitworth

Statistical Reporting Service

CIGARETTE OUTPUT IN 1962 FORECAST AT NEW RECORD HIGH

The 1962 output of cigarettes is estimated at 539 billion—about 11 billion above 1961 and a new high. United States' cigarette use (including that of overseas forces) is estimated at 512 billion—up about 9 billion from 1961.

A Two Percent Increase

Although total output and use of cigarettes in 1962 will be above that of any previous year, the rate of gain may be smaller than for several years. In the 7 years ending with 1961, the annual gain in production and use of cigarettes was mostly 3 to 4 percent. In 1962, the increase may be near 2 percent. A continuation of the upward trend in cigarette smoking could normally be expected in 1963, but the gain will probably be at a more gradual rate than during the years 1955 through 1961.

For 1962, the number of cigarettes used per person 15 years and over (including Armed Forces overseas) is estimated at 3,984—about 199 packs. This is practically the same as the record 1961 level but nearly a tenth more than 10 years ago and approximately two-thirds more than 20 years ago.

Cigarettes account for over 80 percent of all tobacco used in the United States. In recent years, the quantity of tobacco used for cigarette manufacture has not increased at the same pace as cigarette output, but the total used for this purpose is still an impressive figure. The 1962 use of tobacco for cigarettes is estimated at 1,240 million pounds, unstemmed-processing weight. The farm-sales weight equivalent of this quantity would be approximately 12 percent greater.

Cigars and Cigarillos

The 1962 use of cigars and cigarillos is estimated at 7,180 million—about 140 million more than in 1961 and above any year since 1923. A further gradual gain in U.S. cigar smoking is expected in 1963. United States and Puerto Rican factories produce nearly all of the cigars used by U.S. smokers; cigar imports this year will probably

amount to less than one-half of 1 percent of the total. The use of cigars per male (18 years and over) in 1962 is estimated at 124—up a little from 1961 but still below the two preceding years. In the period 1947–57, annual per capita cigar use ranged between 108 and 115. Increases in 1958 and 1959 brought it to the highest level since 1942, but per capita use has since leveled out.

Production of smoking tobacco in 1962 is estimated at 71 million pounds—about 3 million less than in 1961. The 1962 output of chewing tobacco and snuff is estimated at 64.6 million pounds and 32.7 million pounds—down 1 percent and 3 percent, respectively, from 1961. No appreciable increase in smoking tobacco is foreseen for the year ahead and chewing tobacco and snuff may continue a downward drift.

Per Capita Decline Items

On a per capita basis, use of smoking tobacco, chewing tobacco, and snuff in the United States has been declining for some years. Smoking tobacco is a secondary outlet for the cigarette types of tobacco, especially burley. Dark air-cured tobacco finds its principal domestic outlet in chewing tobacco, while fire-cured tobacco goes mainly into snuff.

Before the United States entered World War II, the total amount of smoking tobacco used in pipes and roll-your-own cigarettes was nearly 4.5 pounds for each male, 18 years old and over. In the war years, 1941–44, per capita use dropped about a third. Except for a temporary increase in 1945, induced by the cigarette shortage, per capita use has trended downwards. Average use of about 1.25 pounds, indicated for 1962, is over 30 percent less than 10 years ago and over 65 percent less than 20 years ago.

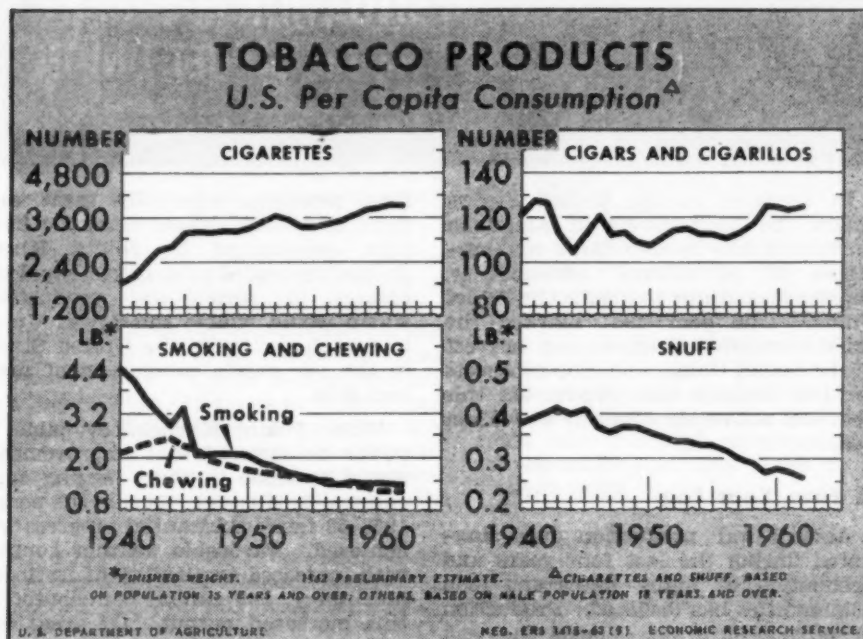
The downward trend in per capita use of chewing tobacco has been evidenced much longer than for smoking tobacco. During World War II, the use of chewing tobacco increased as

employment rose in war industries where smoking was hazardous. Since 1944, however, the use of chewing tobacco has dropped nearly 60 million pounds. Almost without exception, per capita use has fallen each year. The 1962 use of chewing tobacco per male (18 years and over) is indicated at a little over 1 pound, 30 percent less than 10 years ago and less than half of what it was 20 years ago.

As in the case of chewing tobacco, the use of snuff increased in World War II, because many war workers

could not smoke at their jobs. For about 10 years following World War II, total production and use of snuff remained relatively stable between 39 and 41 million pounds. However, per capita use declined as population increased. Beginning with 1956, total snuff use trended downward. The 1962 use per person (15 years and over) is estimated at a quarter-pound, about a fourth less than 10 years ago and nearly two-fifths less than 20 years ago.

S. M. Sackrin
Economic Research Service



Outlook continued



due mainly to large harvests abroad. Production is expected to again fall below total 1962-63 requirements indicating a further reduction in feed grain stocks in 1962-63. The 1962 feed grain price supports are at the same levels as last year. During the 1962-63 marketing year, CCC again will have substantial quantities of feed grains to

be sold for the redemption of certificates under the 1962 Feed Grain Program.

COTTON

The national acreage allotment for the 1963 crop of upland cotton has been set at 16 million acres, not including the national acreage reserve. This is about 2 million acres smaller than a year earlier. The acreage allotment for the 1962 crop of extra-long staple cotton has been set at 149,880 acres, up sharply from the 100,293 acres allotted for the 1962 crop.



The AGRICULTURAL SITUATION in 1961-62 in the SOVIET UNION

In contrast to the United States, where the productivity of American farmers results in abundance and surpluses of agricultural commodities, shortages continue to plague the Soviet Union. The year 1961 marked the third successive disappointing harvest in the Soviet Union, and crop prospects for 1962 suggest that production this year will not be significantly above last year.

A Four Year Lag

Agricultural production has stagnated during the last four years and production of many important food commodities has declined. Production of most major grains is below the peak year of 1958. This is true also of potatoes and meat. Corn, cotton, and milk production are slightly above the 1958 level. Increases in livestock numbers have continued to outstrip the inadequate feed supply which is reflected in declines in milk yields and the average live weight of slaughtered animals. The 1962 crop has been hampered by drought in the southern and eastern regions of the Soviet Union and by cold, rainy weather in the northern regions.

Stagnation in agricultural production has posed a serious problem for the leaders of the Soviet Union. Rapid population growth, primarily in urban areas, and some increase in purchasing power have increased the demand for

food products, especially meat and dairy products. These demands have been encouraged by Nikita Khrushchev's repeated promises of rapid increases in agricultural production, which would enable the Soviet Union to "catch up" with the United States in the per capita production of meat and milk.

When Nikita Khrushchev came to power he stressed that improvements would be made in badly lagging agricultural production. During the period 1953-58 fairly substantial progress was achieved. Favorable weather coupled with increased availability of fertilizer, machinery, and capital contributed to this increased output. Of great importance were the improvements in incentives to agricultural producers and the great expansion of sown area. Grain production was extended by 100 million acres of marginal, dry farming land in the eastern regions of the Soviet Union. As a result the output of many products in 1958 was from 20 to 75 percent higher than in 1953.

These substantial increases in agricultural production led Soviet leaders to plan for even greater increases in the near future.

Using the very good year of 1958 as a base, a seven-year plan was adopted which set high production targets for agriculture during the years 1959-65. For this reason the last 4 years of stag-

nation are particularly disturbing to the Kremlin. Instead of the average annual 8 percent increase stipulated in the seven-year plan, there has been no significant improvement in production. Continued population growth has resulted in lower per capita production of food products this year than four years ago and shortages of meat and dairy products were officially acknowledged.

Major Policy Changes

In an effort to overcome the shortcomings of agriculture and salvage the seven-year plan the Soviet government put into effect major changes in agricultural policy during 1962. (1) Communist control over all levels of agricultural production was strengthened; (2) a drastic restructuring of the crop system was commenced; and (3) the prices paid by the State for livestock and dairy products were increased simultaneously with increased retail prices of these products.

The reintroduction of tight governmental control over agriculture is a reversal of a trend toward decentralization which has been underway for the last five years. A new organizational scheme for integrated administration of agriculture from top to bottom has been established. Its lowest link is the inter-region (inter-county) administrative unit which has broad supervisory functions and powers over both collective and state farms.

Similar supervisory agencies have been established at higher levels. At the top, procurement (state purchase) and production are controlled by agencies directly under the Council of Ministers. Now the supplying of production needs to agriculture, such as machinery, fertilizer, spare parts and fuel as well as plantings, cultivation, harvesting, livestock raising, and procurement of agricultural products are under strict party-government control.

Increasing Control

Soviet agriculture has suffered in the past from excessive bureaucratic control and little local initiative. The tightening of Communist control can be expected to increase deliveries to the state (the major purchaser of agricultural products), but its effect on agri-

cultural production is problematical. Any possible gains may be largely offset by further decreases in initiative at the grassroots level.

The second prescription for increasing agricultural production, especially the production of livestock feed, is a radical change in the crop pattern. An area of over 100 million acres which was under forage legumes and grasses (tame hay), oats, and summer fallow is being plowed up and planted to more intensive feed crops, such as corn, sugarbeets for feed, field beans and peas. This program may increase the feed supply, but can not provide the quantities of livestock feed planned without improving yields. To raise yields to the level required by the plan will require great increases in machinery and fertilizer, supplies of which are inadequate for present needs. Furthermore, reliance on grasses and summer fallow has been generally beneficial in a number of regions.

Grasses and forage legumes help to maintain soil fertility while summer fallow helps to maintain soil moisture and reduce weed infestation in dry regions. In addition grasses require less labor and machinery than cultivated crops. A sweeping elimination of these systems without extensive fertilization could have harmful repercussions on soil structure and crop yields in subsequent years.

Prices Increased

The importance of lagging meat production was reflected in the dramatic price increases for meat, livestock, and dairy products on June 1, 1962. On the average, retail prices of meat were increased 30 percent and the price of butter and cream raised 25 and 10 percent respectively.

In turn, the State now pays to collective farms an average of 35 percent more for livestock purchases, 10 percent more for butter, and 5 percent more for cream. The collective farms, as the major suppliers of livestock to the State, are significantly affected by this change. The price increases should result in an annual increase in their income of about 1 billion rubles (over a billion dollars at the official Soviet

(Continued on the next page)

rate of exchange), a 7 percent increase in total collective farm money income compared with 1961.

Out of this increase in income, collective farms are to increase their investment in livestock production and improve workers' incentives. Despite previous price increases, until the price change this June the average price paid by the State for livestock was claimed to have been lower than the average cost of livestock production on collective farms. Thus a major drag on livestock production is being eliminated.

Continuing Shortages

Although the price increases for livestock and the livestock feed pro-

gram should lead to increases in meat production, the overall impact on agriculture of the measures decreed this year is much less significant. Soviet leaders have made it clear that the priority of agriculture within the economy is not to be upgraded at the expense of heavy industry or armaments. This suggests that, although some increases in investment, machinery, and fertilizer are promised, agriculture in the Soviet Union will continue to suffer from shortages of all three. Although increases in incentives have been promised, the decision to tighten party control over agriculture indicates that regimentation and compulsion will still be largely relied upon.

Harry Walters
Economic Research Service

The Economic Research Service Introduces A New Monthly Magazine



The first issue of **THE FARM INDEX**, a monthly magazine highlighting the activities and publications of the Economic Research Service, was published in October.

Each issue summarizes the agricultural situation and outlook, provides a monthly table of key economic indicators for the nation, and reviews current research publications.

Aside from the monthly features, the magazine carries more than 20 news stories about the economics of farming, marketing, and foreign marketing, and the retail costs of food and fiber.

The November issue features a word portrait of the U.S. farmer as the world's most efficient. Other stories on farming cover the effect of legislative reapportionment on rural areas, new uses for land taken out of crop

production, tax patterns in the Great Plains, and updated comparisons of personal income for Americans on and off the farm.

A new wrinkle in preserving foods, freeze-drying, leads off the Marketing Section. Other marketing stories in November spotlight the National School Lunch Program, packaging for produce in grocery stores, bread distribution costs, and new wheat and apple products entering the marketplace.

The Foreign Market Section carries a box score of the progress of the Common Market and its significance for American agriculture. An ocean away, the Common Market idea is echoed in CAFTA and LAFTA, the Central American and Latin American Free Trade Areas, subjects of another story. Other articles about foreign markets range from machinery problems in the USSR to development credit banks and Australian trade expansion.

Subscriptions to THE FARM INDEX may be purchased for \$2.00 a year. Make checks payable to the Superintendent of Documents and send orders to the U.S. Government Printing Office, Washington 25, D.C.

Meet The State Statistician . . .



Floyd Rolf got his first look at Arizona from a troop train during World War II. He has been getting a closer and more pleasant look since May of 1961, when he was named Statistician In Charge of the Arizona Crop and Livestock Reporting Service.

He's finding that farming in Arizona generally is big time—and air conditioned, in homes, offices, and pickup trucks. There are only about 7,600 farms in the State, but last year they produced \$467 million worth of crops and livestock. Cotton and cattle together make up almost two-thirds of the total. Most exciting crop of recent years is safflower, grown for its oil. Rolf makes no official estimates on the production of safflower, but he observes that plantings jumped from about 13,000 acres in 1961 to about 60,000 acres in 1962.

Arizona is not the biggest cotton-producing State, but it usually leads all States in yield per acre: usually about 1,000 pounds, or two bales, per acre. It also is tops in per acre yield of barley. And it produces almost half of the nation's total of American-Egyptian cotton, noted for its high quality.

Farming in Arizona is different in many respects from the Rolf farm near Pratt, Kansas, where Floyd grew up with his brother and sister, and where

FLOYD E. ROLF

his parents are now retired to "only" 240 acres of wheat, sorghums, and livestock.

Floyd was graduated from Pratt High School and completed a year and a half in the school of agriculture at Kansas State University when he was called to active duty in the Army Air Corps. After training as a pilot, he was assigned to troop transport duty, flying supplies into combat areas and evacuating wounded.

After getting out of service in late 1945, he married Peggy Abrams, a Pratt girl. Then it was back to Kansas State University.

There came a day when the Agricultural Statistician for Kansas talked to one of the classes about his work. Floyd got the message and was prompted to concentrate on agricultural economics and statistics. He got his bachelor's degree in 1948, and continued for another year, getting a master's degree in 1949.

Then he went to work as an agricultural statistician, under the Kansas State Agricultural Statistician, the late Hubert Collins. Five years later he moved to Washington, D.C., and concentrated on statistics of farmer's prices. Another five years passed, and he moved to the statistician's office in South Dakota. Two years later, in 1961, he, Peggy, and their three daughters moved to Phoenix, where Floyd was assigned as the man in charge.

The whole Rolf family likes Arizona, for its wide open spaces, its mountains, and its friendly people. The fellow members of their church, in Phoenix, recognize Floyd's contributions as superintendent of the Junior High Sunday School and Peggy's services as a teacher. And the farmers and ranchers of the State are finding they have a statistician determined to provide them with the best possible service when it comes to measurements of the State's agriculture.



Growth Through Agricultural Progress

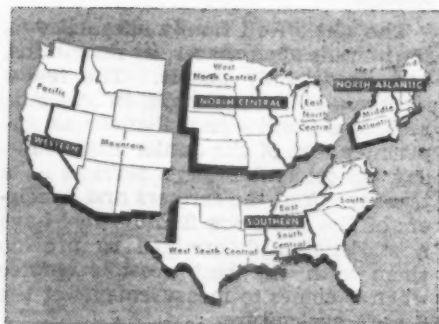
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